

Notes to the group financial statements continued

for the year ended 31 December 2017

6 FINANCING STRUCTURE AND COMMITMENTS (continued)

6.3 Provisions

A provision is recognised when there is a present legal or constructive obligation as a result of a past event for which it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision to pay a levy is not recognised until the obligating event specified in the legislation occurs, even if there is no realistic opportunity to avoid the obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expected outflow of resources required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

	At the beginning of the year Rm	Additions Rm	Reversals Rm	Utilised Rm	Exchange and other move- ments ¹ Rm	At the end of the year Rm
2017						
Non-current						
Decommissioning provision	245	38	–	(13)	(26)	244
Other provisions	135	26	(18)	(7)	29	165
	380	64	(18)	(20)	3	409
Current						
Bonus provision	622	928	(67)	(423)	(92)	968
Decommissioning provision	2	–	–	–	(1)	1
Licence obligations	130	–	–	(39)	–	91
Other provisions	1 475	621	(472)	(374)	(280)	970
	2 229	1 549	(539)	(836)	(373)	2 030

¹ Includes the effect of hyperinflation.

Notes to the group financial statements continued

for the year ended 31 December 2017

6 FINANCING STRUCTURE AND COMMITMENTS (continued)

6.3 Provisions (continued)

	At the beginning of the year Rm	Additions Rm	Reversals Rm	Reclassi- fication to financial instruments Rm	Utilised Rm	Net monetary gain	Exchange and other movements ¹ Rm	At the end of the year Rm
2016								
Non-current								
Decommissioning provision	293	81	(112)	–	–	–	(17)	245
Licence obligations	77	–	–	–	–	–	(77)	–
Nigeria provision for regulatory fine	4 104	–	–	(4 237)	–	–	133	–
Other provisions	150	32	(27)	–	(20)	–	–	135
	4 624	113	(139)	(4 237)	(20)	–	39	380
Current								
Bonus provision	790	646	(263)	–	(403)	1	(149)	622
Decommissioning provision	6	–	–	–	–	–	(4)	2
Licence obligations	94	–	–	–	(87)	–	123	130
Nigeria provision for regulatory fine	5 183	–	–	(1 421)	(3 983)	–	221	–
Other provisions	1 920	553	(909)	–	(205)	–	116	1 475
	7 993	1 199	(1 172)	(1 421)	(4 678)	1	307	2 229

¹ Includes the effect of hyperinflation.

Bonus provision

The bonus provision consists of a performance-based bonus, which is determined by reference to the overall Group entity's performance with regard to a set of predetermined key performance measures. Bonuses are payable annually after the group annual results have been approved.

Decommissioning provision

This provision relates to the estimate of the cost of dismantling and removing an item of property, plant and equipment and restoring the site on which the item was located to its original condition. The group provides for the anticipated costs associated with the restoration of leasehold property to its original condition at inception of the lease, including removal of items included in property, plant and equipment that are erected on leased land.

The group only recognises these decommissioning costs for the proportion of its overall number of sites for which it expects decommissioning to take place. The expected percentage has been based on actual experience in the respective operations.

Licence obligations

The licence obligations provision represents the estimated costs to be incurred in fulfilling the Universal Services Obligation (USO) in South Africa. USOs are governed by the Electronic Communications Act.

Other provisions

The group is involved in various regulatory and direct and indirect tax matters specific to the respective jurisdictions in which the group operates. These matters may not necessarily be resolved in a manner that is favourable to the group. The group has therefore recognised provisions in respect of these matters based on estimates and the probability of an outflow of economic benefits and should not be construed as an admission of legal liability.